No. 93-537

NOV 3 1993

In the Supreme Court

OF THE

United States

OCTOBER TERM, 1993

SEYMOUR C. YUTER,
Petitioner,

v.

TANDEM COMPUTERS INCORPORATED,
GLENFED FINANCIAL CORPORATION,
NATIONAL COMPUTER COMMUNICATIONS CORPORATION, AND
APEX TECHNOLOGY, INC.,
Respondents.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION OF RESPONDENT TANDEM COMPUTERS INCORPORATED

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QUESTION PRESENTED FOR REVIEW

The district court denied petitioner's motion to dismiss for lack of personal jurisdiction, and the circuit court affirmed without opinion in an unpublished decision. Petitioner identifies three general questions for review, none of which are presented by this case. In fact, the petition presents only one narrow issue: whether well-established and unchallenged standards for personal jurisdiction were correctly applied to the unusual particular facts of this case.

LIST OF PARENT COMPANIES AND SUBSIDIARIES

Pursuant to Supreme Court Rule 29.1, Respondent Tandem Computers Incorporated states that there are no parent or subsidiary companies required to be listed.

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STATEMENT OF THE CASE

1. Procedural History

Respondent Tandem Computers Incorporated ("Tandem") filed this lawsuit in 1989 in the Northern District of California, seeking a declaratory judgment that two patents owned by petitioner Seymour Yuter ("Yuter") are invalid and not infringed by Tandem. Tandem also sought declaratory relief regarding an indemnity agreement with its supplier, Apex Technology. Yuter filed a parallel patent infringement lawsuit against Tandem a few days later in the Southern District of New York, and moved the New York court to stay the California lawsuit. Yuter also filed a motion in California to quash service of summons for lack of personal jurisdiction.

The New York district court denied Yuter's motion to stay the California lawsuit and instead stayed the New York proceedings. The California district court denied Yuter's motion to quash, holding that it had personal jurisdiction under Supreme Court and Ninth Circuit precedent.

The district court subsequently granted summary judgment on Yuter's first patent on the ground that Tandem had acquired joint ownership rights originating from a coinventor of the patent and thus could not be liable for infringement. After a two-week jury trial, the district court granted judgment as a matter of law on Yuter's second patent, on the ground that the patent was invalid because the invention was on sale more than one year before the patent application was filed.

Yuter appealed the district court's rulings on the two patents and on personal jurisdiction. The United States Court of Appeals for the Federal Circuit affirmed the district court judgment in all respects in a one-sentence unpublished order. Yuter does not seek review of the dispositive legal rulings on his two patents. Yuter apparently hopes to relitigate these rulings in the New York district court if the California district

court's jurisdictional ruling were to be reversed, even though the Federal Circuit has already affirmed these rulings.

2. Facts Relevant to Personal Jurisdiction

Yuter is a patent attorney who prosecuted the two patents in suit for his client, Digital Associates Corporation ("DAC"). As DAC's patent attorney, Yuter learned that DAC representatives visited Tandem's California headquarters in 1984 to offer DAC's patented product to Tandem, and that Tandem had chosen another California company, Apex Technology, as its OEM supplier. Yuter subsequently concluded that the first patent would be valuable if issued, because it would cover the Tandem/Apex product. Accordingly, Yuter continued to prosecute the patent applications in spite of DAC's instructions to abandon the applications, with the specific intention of pursuing an infringement claim against Tandem.

In the summer of 1986, Yuter approached DAC's former owner and president about a "joint venture" for pursuing an infringement claim against Tandem. In December 1986, Yuter acquired DAC's interest in the two patent applications. When the first patent issued in February 1987, Yuter sent a letter to Tandem in California seeking to obtain money from Tandem for a patent license. Yuter also sent a similar letter to Hewlett-Packard in California.

Yuter and Tandem discussed Yuter's demands for over two years, during which time Yuter travelled to California for in-person meetings, signed a confidentiality agreement governed by California law, and sought and obtained confidential documents from Tandem's sources in California. Yuter also engaged in written and oral communications with Apex Technology's California-based counsel. The parties reached an impasse in September 1989, with Yuter threatening to file suit if Tandem did not accede to his royalty demands. Tandem then filed this declaratory relief action in the

Northern District of California, seeking judgments of patent invalidity and noninfringement, patent misuse, and breach of the confidentiality agreement that Yuter signed in California.

REASONS WHY THE PETITION SHOULD BE DENIED

Review should be denied for two independent reasons. First, the questions identified by Yuter are not presented by this case and thus could not be decided by this Court even if review were granted. Second, the only question that could properly be before this Court—whether personal jurisdiction exists under the particular facts of this case—is a narrow issue not of general significance whose resolution is not necessary to reconcile conflicting appellate precedent.

I. REVIEW SHOULD BE DENIED BECAUSE THE QUESTIONS IDENTIFIED BY PETITIONER ARE NOT PRESENTED BY THIS CASE.

In an effort to meet the standard for certiorari review, Yuter contends that his petition raises three questions of general significance. In fact, none of these questions would properly be before the Court if certiorari were granted. This fact is, in itself, a sufficient ground for denying review. *See* Sup. Ct. R. 15.1.

Yuter's first question is whether personal jurisdiction may be based solely on "sending a notice of patent infringement under the patent law." This issue is not presented by this case because Yuter engaged in numerous other acts directed at Tandem in California, both before and after sending his infringement letter to Tandem in February 1987. Yuter's other acts include:

1. Yuter purchased the patents at issue for the express purpose of asserting infringement claims against California-based Tandem;

2. Yuter discussed his infringement claims in numerous other communications with Tandem and Tandem's

California supplier over a two-year period, including many letters and telephone calls, and in-person meetings in California;

3. During these discussions, because he wished to obtain proprietary information that Tandem wished to protect, Yuter signed a confidentiality agreement with Tandem in California, subjecting himself to provisions governed by California law;

4. Responding to Yuter's requests and pursuant to the confidentiality agreement, Tandem supplied Yuter with proprietary technical and sales information from California sources;

5. In a letter Yuter sent to Tandem in California, he threatened to sue Tandem unless Tandem acceded to his royalty demands; and

6. Yuter is no stranger to California courts, having appeared in two cases in California on his own behalf, one of which involved 11 trips to California between 1984 and 1988 and resulted in a $9 million default judgment in favor of Yuter.

(*See* Petition at A4–A5, A8–A11.)[1]

The existence of personal jurisdiction must be based on *all* of the relevant facts at the time the complaint was filed. Yuter's first question focuses on one fact only and simply ignores all of the other relevant facts. Accordingly, Yuter's

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[1] Most of the facts surrounding Yuter's acquisition of the patents were revealed through discovery after the district court's ruling on personal jurisdiction, and hence are not discussed in that ruling. But these facts were introduced into the district court record in connection with subsequent motions, and therefore may properly be considered on appeal as a basis for affirming the district court's ruling. *See Bernard v. Palo Alto*, 699 F.2d 1023, 1024 & n.1 (9th Cir. 1983) (affirming summary judgment based on facts introduced at evidentiary hearing on remedy issues held after summary judgment was granted on liability).

question would not properly be before the Court if review were granted.

Yuter's second question is whether personal jurisdiction may be based solely on an infringement letter combined with two settlement conferences and other "nonrelated" forum contacts. This question, like Yuter's first issue, could not properly be decided by this Court because it omits numerous relevant facts, such as Yuter's purchase of the patents for the purpose of asserting infringement claims against a forum resident; Yuter's various other communications with Tandem and Tandem's California supplier; Yuter's subjecting himself to California law by executing a confidentiality agreement with Tandem in California; and Yuter's threat to sue Tandem unless Tandem gave in to his demands.

Yuter's third question is "[w]hether patentees should sue infringers first and then talk settlement in order to avoid suit in a foreign court, further burdening our over-burdened federal courts." This rhetorical question is an argument, not an issue. Moreover, there is no merit to Yuter's contention that this case has broad policy implications for other potential patent litigants. Not only did the Federal Circuit affirm the district court's ruling in an unpublished, non-precedential order,[2] but this case involves highly idiosyncratic facts that are unlikely to be repeated. Yuter expressly targeted Tandem by prosecuting the patents over his client's objections and then acquiring the patents for the purpose of pursuing an infringement claim against Tandem. Yuter aggressively pursued that claim for over two years, threatening to sue Tandem when the parties reached an impasse. Yuter certainly could reasonably foresee that these activities could lead to Tandem's initiating this California declaratory relief action. Finding personal jurisdiction under these unique

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[2] The district court's decision is available only from Lexis and the Northern District's file for the case. It has not been cited by any other decision in the official reporters or the Lexis or Westlaw databases.

circumstances does not create a precedent for the typical patent holder—such as an inventor or a manufacturer—whose forum-related contacts are limited to license negotiations.

II. REVIEW SHOULD BE DENIED BECAUSE THE DISTRICT COURT MERELY APPLIED WELL-ESTABLISHED PERSONAL JURISDICTION PRINCIPLES TO THE PARTICULAR FACTS OF THIS CASE.

Review by this Court is reserved for those few cases in which it is necessary to resolve a conflict with precedent of this Court or between federal circuit courts, or to settle an important question of federal law. *See* Sup. Ct. Rule 10.1. The district court's personal jurisdiction ruling does not meet this standard. Rather, the ruling merely applied well-established legal standards to the particular facts of this case.

The district court correctly relied on the principles set forth in *Burger King Corp. v. Rudzewicz*, 471 U.S. 462 (1985), and subsequent Ninth Circuit cases.[3] As the district court noted, basic due process "requires that a defendant have fair warning that a particular activity may subject him or her to jurisdiction"—a requirement which is met "if the defendant has purposefully directed his activities at residents of the forum state and the litigation arises out of or relates to those activities." (Petition at A6 [*citing Burger King*, 471 U.S. at 472].) The critical issue is whether "the defendant's conduct and connection with the forum State are such that he could reasonably anticipate being haled into court there." (Petition at A6–A7 [*quoting Burger King*, 471 U.S. at 474].)

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[3] Ninth Circuit rather than Federal Circuit law applies here because personal jurisdiction is a procedural issue that is not unique to patent law. *See Panduit Corp. v. All States Plastic Mfg. Co.*, 744 F.2d 1564, 1575 (Fed. Cir. 1984); *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583 n.20 (Fed. Cir. 1990), *cert. denied*, 499 U.S. 922 (1991); *Kahn v. General Motors Corp.*, 889 F.2d 1078, 1080 n.3 (Fed. Cir. 1989).

As the district court also noted, *Burger King* required the Ninth Circuit to modify its test for personal jurisdiction in three respects:

1. Jurisdiction may exist over a defendant "whose only 'contact' with the forum state is the 'purposeful direction' of a *foreign* act having *effect* in the forum state";

2. "[J]urisdiction may be exercised with a *lesser showing of minimum contacts* than would otherwise be required if considerations of reasonableness dictate";

3. "[T]here is a *presumption of reasonableness* upon a showing that the defendant purposefully directed his activities at forum residents which the defendant bears the burden of overcoming by presenting a compelling case that jurisdiction would be unreasonable."

(Petition at A7–A8 [*quoting Haisten v. Grass Valley Medical Reimbursement Fund, Ltd.*, 784 F.2d 1392, 1397 (9th Cir. 1986) (emphasis in the original)].)

Yuter does not dispute the principles set forth in *Burger King* and *Haisten*, but merely contends that those principles were misapplied here. Yuter's unhappiness with the application of undisputed legal principles is not a sufficient ground for review. As this Court stressed in dismissing a writ of certiorari as improvidently granted:

> [I]t is very important that we be consistent in not granting the writ of certiorari except in cases involving principles the settlement of which is of importance to the public as distinguished from that of the parties, and in cases where there is a real and embarrassing conflict between the circuit courts of appeal.

Rice v. Sioux City Memorial Park Cemetery, 349 U.S. 70, 79 (1955) (citation omitted).

While Yuter contends that this case raises issues of broad significance, the three questions that he has identified are not, in fact, presented by this case. Moreover, even if those questions were presented, their significance is limited to patent cases alone. Yuter fails to explain why the standards for personal jurisdiction in patent cases should be different from those in any other type of case, or why this Court should devote its limited resources to such a narrow issue. If any court should address such a patent-specific issue, it should be the Federal Circuit; yet the Federal Circuit found this case to be of such little significance that it affirmed without opinion in an unpublished order.

Yuter also contends that review should be granted because the district court's ruling allegedly conflicts with Ninth Circuit and First Circuit decisions. But all of the cases Yuter cites were decided *before* the Ninth Circuit expressly modified its personal jurisdiction test in light of this Court's *Burger King* decision.[4] As the district court correctly noted, "reliance upon pre–*Burger King* decisions is not persuasive," since subsequent Ninth Circuit cases follow the more flexible standard set forth in *Haisten*. (Petition at A10 n.5.) Indeed, two other district courts within the Ninth Circuit have expressly found contacts less significant than Yuter's to confer personal jurisdiction under the modified *Haisten* test. *Burbank Aeronautical II v. Aeronautical Development Corp.*, 16 U.S.P.Q.2d 1069 (C.D. Cal. 1990) (three infringement letters sufficient); *Dolco Packaging Corp. v. Creative Industries, Inc.*, 1 U.S.P.Q.2d 1586 (C.D. Cal. 1986) (single infringement letter). The only post–*Burger King* cases cited by Yuter are district court decisions from other circuits, which do not create a conflict in

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[4] *See Kransco Mfg. Inc. v. Markwitz*, 656 F.2d 1376 (9th Cir. 1981); *Cascade Corp. v. Hiab-Foco AB*, 619 F.2d 36 (9th Cir. 1980); *Chem Lab Prod. Inc. v. Stepanek*, 554 F.2d 371 (9th Cir. 1977); *Nova Biomedical Corp. v. Moller*, 629 F.2d 190 (1st Cir. 1980). Yuter's reliance on *Nova Biomedical* is puzzling, since the First Circuit actually found personal jurisdiction to exist under the facts of that case.

appellate law warranting review by this Court. (*See* Petition at 12 n.5.)

Moreover, the district court and pre–*Burger King* appellate decisions cited by Yuter do not conflict with the personal jurisdiction ruling in this case, since none involved a patent holder who had acquired a patent for the express purpose of suing the alleged infringer. Indeed, the only reported decision involving somewhat similar facts found personal jurisdiction to exist. *Velcro Group Corp. v. Billarant*, 692 F. Supp. 1443, 1447–48 (D. N.H. 1988) (basing personal jurisdiction on the patent holder's alleged fraudulent procurement of the patent for the purpose of asserting infringement claims against plaintiff and subsequent threats against plaintiff); *see also Brainerd v. Governors of Univ. of Alberta*, 873 F.2d 1257, 1259 (9th Cir. 1989) (basing personal jurisdiction for breach-of-contract claim on defendant's telephone conversation with forum resident); *Edwards v. Pulitzer Publishing Co.*, 716 F. Supp. 438, 441 (N.D. Cal. 1986) (basing personal jurisdiction on one telephone call and one defamatory letter sent into forum).

Finally, it bears emphasis that Yuter's three questions are of limited significance even within the context of this particular case. Yuter seeks review of the district court's personal jurisdiction ruling only, apparently hoping to relitigate the merits of his infringement claims in his parallel lawsuit in New York district court if this ruling were to be reversed. Yet both the California district court and the Federal Circuit have already rejected those claims as a matter of law. Yuter has never argued that he was deprived of any opportunity to obtain or present evidence, and has never sought leave to present additional evidence. Even if the personal jurisdiction ruling were reversed, there would be no reason for the New York district court or the Federal Circuit to reach a different result on the merits of Yuter's infringement claims. Thus, the petition raises an issue that should not even affect the outcome in Yuter's own case.

CONCLUSION

This Court should not devote its limited resources to reweighing the particular factual findings in a specific case applying uncontested personal jurisdiction standards to a narrow set of facts. Yuter's petition for a writ of certiorari should be denied.

Dated: November 3, 1993

Respectfully submitted,
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CERTIFICATE OF SERVICE

I am a partner with the law firm of MORRISON & FOERSTER, whose address is 345 California Street, San Francisco, California 94104, and I am admitted to practice before this Court; I am not a party to the cause; I am over the age of eighteen years and I am readily familiar with MORRISON & FOERSTER's practice for collection and processing of correspondence for mailing with the United States Postal Service and know that in the ordinary course of MORRISON & FOERSTER's business practice the document described below will be deposited with the United States Postal Service on the same date that it is placed at MORRISON & FOERSTER with postage thereon fully prepaid for collection and mailing.

I further declare that on the date hereof I served a copy of:

BRIEF IN OPPOSITION OF RESPONDENT TANDEM COMPUTERS INCORPORATED

on the following counsel for all parties required to be served by placing a true copy thereof enclosed in a sealed envelope addressed as follows for collection and mailing at MORRISON & FOERSTER, 345 California Street, San Francisco, California 94104 in accordance with MORRISON & FOERSTER's ordinary business practices:

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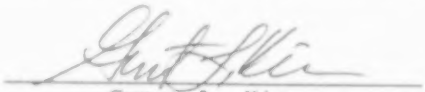
I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed at San Francisco, California, this 3rd day of November, 1993.



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